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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 6, 2010

CERTIFIED RETURN RECEIPT
7005 2570 0000 4801 6058

Gary Hansen
218 South 100 West
RR 1 Box 298
Fairview, Utah 84629-9512

Subject: Review of Reclamation Surety, Gary Hansen, Black Magic Humate, S/019/0062,
Grand County, Utah

Dear Mr. Hansen:

The last surety estimate for the Black Magic Humate mine was done in 2007 escalated to February 2010. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased to \$11,800.00 (next reviewed in 2013) for a three-year escalation or \$11,900.00 (next reviewed in 2015) for five years. The average reclamation costs are outlined below:

Project Name S/019/0062

Black Magic Humate

10/4/2010

3-year escalation (2013)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,400.00	\$7,400.00
Add'l Acres Disturbance	1	\$4,400.00	\$4,400.00
TOTAL	2		\$11,800.00

5-year escalation (2015)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,500.00	\$7,500.00
Add'l Acres Disturbance	1	\$4,400.00	\$4,400.00
TOTAL	2		\$11,900.00



Mr. Gary Hansen
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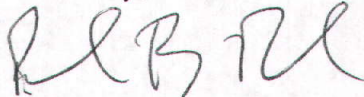
Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at bondcoordinator@utah.gov for information about submitting the additional bond. Your current bond is in the form of cash. You may submit additional cash; or you may supply a letter of credit, a certificate of deposit, or a surety bond for either the total or increased amount.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Tom Munson at 801-538-5321. The Division would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than December 4, 2010.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact me at 801-538-5261.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:tm:pb

cc: Marie_mcgann@blm.gov
david_skinner@blm.gov

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